BC Assessment

2012 ANNUAL SERVICE PLAN REPORT

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MESSAGE FROM THE BOARD CHAIR TO THE MINISTER RESPONSIBLE

The Honourable Bill Bennett
Minister of Community, Sport and
Cultural Development
Government of British Columbia

Dear Minister,

Our vision is "to be trusted to value B.C." The delivery of quality products and services that customers trust is at the core of BC Assessment's vision. We are committed to working with our customers, stakeholders, partners and staff to continue to provide valuable products and services to the citizens of B.C.

A stable, dependable assessment role is vital to taxing authorities and is a key element of our mission. In 2012, approximately 18,000 new properties were added to the Assessment Roll. BC Assessment has seen annual increases year-over-year in the number of new properties that require assessment services. This ongoing growth presents a significant challenge for the organization to continually meet our mandate and commitment to quality products and services. While the number of properties in B.C. has increased by 50% since 1990, our number of employees has remained at the same level.

To manage this growth, BC Assessment continues to invest in innovative technology. In 2012, we implemented enhanced functionality of e-valueBC, our online tool for comparing assessments. We also implemented a central toll-free number for customers to contact us in an effort to distribute the load of inquiries amongst all offices across B.C. In addition, we completed our fourth year of Desktop Review, which is a key tool in our drive for a complete assessment roll and purchased imagery to double production in 2013.

In September 2012, the International Association of Assessing Officers recognized BC Assessment for having the world's best public information program for a property assessment jurisdiction for our annual communications campaign which contributed to a twenty-five percent reduction in property appeal rates in 2012. The receipt of the award is testament of BC Assessment's commitment to transparency and exemplary customer service.

In 2012, the Board refined the wording and descriptions of BC Assessment's strategies to provide greater clarity to our stakeholders. We also adjusted BC Assessment's performance measure targets with respect to the level of employee engagement, percentage of residential/non residential customers' satisfaction, and cost per property. In particular, the greenhouse gas emissions target was shifted downward to reflect changes in BC Assessment's facilities and we are proud of the work that we are doing to support a reduction in emissions.

The quality of BC Assessment's 2012 roll exceeded our assessment to sales ratio performance target and associated benchmarks. This is a testament to BC Assessment's skilled workforce and commitment to the provision of quality services and products, despite increasing resource and capacity constraints. Looking forward, BC Assessment will continue to address this challenge by investing in technology, focusing on innovating the way we do business and developing long term partnerships throughout the public sector.

The Board of BC Assessment is proud of the work that all of our staff continues to do to meet and exceed our customers' expectations. We will always strive to be trusted to value B.C.

Sincerely,
Judy Rogers
Chair, Board of Directors

ACCOUNTABILITY STATEMENT

BC Assessment's *2012 Annual Service Plan Report* was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board of Directors, through its direction to the President and CEO and its review of this annual service plan report, is responsible for what has been included in the document and how it has been reported.

The information presented reflects the actual performance of BC Assessment for the 12 months ended December 31, 2012 in relation to the *2012–2014 Service Plan* published in February 2012.

The Board is responsible for ensuring internal controls are in place to make sure that information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of May 2013, were considered in preparing the *2012 Annual Service Plan Report*. The report contains estimates and interpretive information that represent the best judgement of management. Any changes in mandate, direction, goals, strategies, measures or targets since the *2012–2014 Service Plan* was released and any significant limitations on the reliability of the data are identified in the report.

BC Assessment's *2012–2014 Service Plan* set out an ambitious framework of strategies, initiatives and projects that would ensure our people, technology and processes are fully aligned with our strategic direction. Below are some of the highlights of 2012 in the work that we carried out, with our customers and partners and with our people.

OUR CUSTOMERS AND PARTNERS

- The number of formal appeals (via a Notice of Complaint) dropped 25% in 2012 from 2011.
- BC Assessment put in place local government service standards in 2012 and started development of service standards for other key client groups for implementation in 2014.
- BC Assessment implemented the Customer Connections project that created one toll-free phone number for all customer service (1-866-valueBC) and implemented new technology to more efficiently handle and route incoming customer phone inquiries.
- BC Assessment improved *e-valueBC* online service to provide better search features and photos for properties, where they were available.
- BC Assessment worked with the B.C. government to ensure that changes to farm assessment regulations had the desired effect. We also undertook the work required to update our procedures, forms and documentation in support of these regulatory changes. The result was a smooth implementation on the 2013 Assessment Roll.
- BC Assessment joined the provincial government's AMBER Alert network to support public safety and child protection efforts.

OUR PEOPLE

- BC Assessment was named one of B.C.'s Top Employers for 2012.
- Our President and CEO, Connie Fair, was recognized by the Women's Executive Network as one of Canada's top 100 female executives.
- BC Assessment launched a pilot project to explore teleworking arrangements to support employee engagement, productivity and create a more flexible workplace.
- BC Assessment is employing a number of recruitment strategies to attract top talent, using such social media as Twitter, YouTube, Facebook, LinkedIn and employee blogs.

OUR WORK

- BC Assessment's 2012 Assessment Roll launch was named the world's best public information program by the International Association of Assessing Officers (IAAO).
- BC Assessment became one of only four government agencies to receive a clean audit opinion from the Office of the Auditor General of Canada.
- BC Assessment was recognized with an award for innovation in using Desktop Review technologies to improve business efficiencies.
- BC Assessment implemented a new internal Enterprise Resource Planning system to efficiently update its human resources and financial management systems.
- BC Assessment introduced new Field Data Collection technology to streamline the gathering of property information.

MANDATE AND ROLE

BC Assessment is a provincial Crown corporation with the legislated mandate to establish and maintain assessments that are uniform in the whole of British Columbia, in accordance with the *Assessment Act*.

While BC Assessment has no direct role in property taxation, it plays an integral and impartial role in the provincial property taxation system by producing an accurate and uniform assessment roll each year. Property values on the assessment roll form the basis of distributing property tax, providing the foundation for a stable tax base for taxing authorities.

In 2012, more than $6 billion in general property tax revenue was generated. This funding allows communities to sustain the community services, transportation and utility infrastructure, schools, police and fire services, parks, and recreational and cultural services that provide broad public benefits to British Columbians.

STRATEGIC DIRECTION

BC Assessment's strategic direction is developed by the Board of Directors and Executive Management Team in consideration of information gathered from all levels of BC Assessment staff.

The vision, mission and values are integral to our day-to-day work. They guide how we interact with our fellow employees, the provincial government and other stakeholders by providing the common ground on which to build and achieve our goals. BC Assessment's customer service commitment is a key part of our promise to our customers, and reflects what our customers have told us they value most.

In addition, in 2012, BC Assessment developed a multi-year plan to transform our service to customers, our workplace and our work. A Business Innovation Division was created in 2012 to provide corporate governance, coordination and accountability in support of our initiatives in this multi-year plan. The division works in close collaboration with all other BC Assessment divisions and draws on subject matter expertise from across the organization.

HISTORY

Prior to the formation of BC Assessment, local governments depended on their own separate assessment organizations. Assessment criteria and valuation methods varied, and assessments were frequently challenged and often difficult to defend. By 1973, with 140 independent assessment organizations in B.C., the situation had grown into a serious provincial crisis of trust. Alarmed with the rising incidence of equity grievances, and pressured by property owners and the public sector, the provincial government created the BC Assessment Authority. Six months later, the Authority created B.C.'s first impartial and independent assessment roll.

When established in 1974, BC Assessment had 879,125 folios on the assessment roll, with a value of $42.2 billion, and was supported by 704 staff. In 2012, approximately 650 full-time staff managed a portfolio that had more than doubled to 1.9 million folios, with a value of over $1.1 trillion.

For more information, see BC Assessment's history online.

VISION

We are trusted to value B.C.

MISSION

To create uniform assessments which are relied upon to build sustainable communities throughout B.C.

VALUES

Integrity: We act in an ethical manner and we honour our commitments

Transparency: We are fair and open in how we conduct our business

Impartiality: We are objective and unbiased. We do our work and make our decisions without favour or prejudice

Innovation: We provide creative business solutions and support a culture of continuous improvement

CUSTOMER SERVICE COMMITMENT

Reliable: We offer accurate products and services

Accessible: We provide timely access to staff and information

Uniform: We are consistent and fair in the way we treat you

Respectful: We maintain positive relationships both internally and externally

Becky and Miko, Appraisers; Peter, Infrastructure Services Coordinator; Amanda, Appraiser

CORE PRODUCTS AND SERVICES

The provision of an annual assessment roll is central to BC Assessment's work (*Table 1*). The assessment roll contains the legal description, ownership information, assessed value, use classification, tax exemption status and other details for every property in B.C. Each year, BC Assessment determines the market value of properties as of July 1. On December 31, an annual assessment roll is provided to each taxing jurisdiction. For the 2013 roll, BC Assessment sent a total of 2,105,741 assessment notices to 1.9 million B.C. property owners.

For more information on property classifications and the appraisal process, please see BC Assessment's fact sheets.

ENSURING FAIR AND ACCURATE ASSESSMENTS

BC Assessment must deliver property assessments that are fair and accurate. Property owners have access to a range of options to ensure the accuracy and impartiality of their assessment. Local BC Assessment appraisers can often resolve issues with a property owner early in the year, following delivery of assessment notices. In cases where informal resolution is not possible, the matter can be forwarded by January 31 to a local Property Assessment Review Panel (PARP), held from February to mid-March.

Prior to April 30, property owners may appeal panel decisions to the Property Assessment Appeal Board (PAAB), which is independent from the PARP process, the provincial government and BC Assessment. PAAB decisions may be further appealed to higher courts based only on points of law.

For more information on appeal processes and timelines, please visit the B.C. government Property Assessment Review Panel and Property Assessment Appeal Board websites.

TABLE 1: BC ASSESSMENT'S CORE PRODUCTS

Product	Detail
Assessment Roll	**Completed Roll** – Annual assessment roll completed, approved by regional assessors by December 31 and used by taxing authorities to calculate taxation in the following year
	Revised Roll – Includes amendments made by a Property Assessment Review Panel (PARP) during February and March
	Supplementary Roll – Contains changes and corrections, including decisions from the Property Assessment Appeal Board (PAAB); supplementary rolls are issued between April and December
	Grant Roll – Contains the assessed value of properties that are exempt from property taxation, such as government properties, schools and hospitals; a total of 10 grant rolls (e.g., BC Hydro, BC Rail) are issued by March 31 and serve as the foundation for payments in lieu of property taxes
First Nations Assessment Roll	BC Assessment completes an assessment roll for First Nations that have authority to establish independent real property taxation systems
Assessment Notice	An assessment notice details the assessed value of the land and any improvements on the property; assessment notices are mailed to every person designated on the assessment roll to receive one
Statutory Report	A statutory report gives value summaries for specific taxation purposes, such as funding for school districts, regional districts, local areas, and hospital and transit services

CUSTOMERS, PARTNERS AND STAKEHOLDERS

Taxing authorities are one of our principal customer groups, and they include local, provincial (B.C.) and federal governments. We also provide assessment services to First Nations that have taxing authority. Other key customer groups include residential homeowners, non-residential businesses and government property owners (*Table 2*). Customers can access our products and services through a range of service channels, including assistance at one of our 15 local area offices in person, by phone or online.

BC Assessment works closely with our Shareholder (the provincial government) to assist in the development of assessment policy and to ensure that the government is aware of emerging issues.

Local government taxing jurisdictions are among our primary stakeholders, and are represented by organizations such as the Union of British Columbia Municipalities, the Local Government Management Association, the Municipal Information Systems Association of British Columbia, the First Nations Tax Commission and the Government Finance Officers Association of British Columbia. BC Assessment has enhanced consultation with taxing jurisdictions through the establishment of a Taxing Jurisdiction Advisory Committee.

BC Assessment also consults with a variety of property owner groups. We work directly with a number of partner organizations such as the Appraisal Institute of Canada, the Real Estate Institute of British Columbia, the Sauder School of Business, the University of British Columbia, the Integrated Cadastral Information Society (ICIS) and the International Association of Assessing Officers (IAAO) to continually improve the assessment system in B.C.

BC Assessment has evolved the use of its geographic information system and mapping technologies to enhance business performance. We have achieved complete electronic assessment-mapping coverage of the province, improving the consistency and uniformity of our valuation processes.

Through ICIS, BC Assessment has contributed to building strong partnerships with local governments and utilities to establish a base cadastre (mapping fabric) for the province that a variety of organizations use in their operations. With the emerging use of a wider range of geospatial technologies, BC Assessment, along with ICIS, is playing a leadership role in the evolution of partnerships to support broader application of geospatial technologies and imagery for greater public benefit.

TABLE 2: BC ASSESSMENT'S CUSTOMERS

Residential Folios 339,190 rural 1,402,366 urban	**Local Government** 28 regional districts 169 municipalities 221 improvement districts
Non-Residential Folios 168,559 market 27,738 non-market	**First Nations** 68 First Nations

Rebecca, Appraiser; Jenna, Business Analyst

ORGANIZATIONAL STRUCTURE

BC Assessment currently employs approximately 649 full-time staff in the head office and the 15 area offices. The primary points of customer service are the area offices, which are geographically dispersed across B.C.

Additional information on the location of our assessment regions and area offices can be found online.

Figure 1 summarizes our governance and organizational structure, including roles and responsibilities. The figure reflects the restructuring undertaken in 2012, with the creation of the Business Innovation Division, responsible for leading the implementation of innovative solutions.

FIGURE 1: BC ASSESSMENT'S GOVERNANCE AND ORGANIZATIONAL STRUCTURE

Province of British Columbia

Board of Directors

President and CEO

Executive Management Team

Divisions

Office of the President and CEO

- Board support
- Policy support and intergovernmental relations
- Stakeholder relationship management
- Issues management
- Corporate communications
- Legal analysis and support
- Internal audit

Field Operations

- Creation of the annual assessment roll
- Support of the review and appeal processes
- Two field divisions with combined responsibility for 10 assessment regions
- Currently responsible for 1.9 million folios with an assessed value of over $1.1 trillion

Business Innovation

- Governance, coordination and accountability for the implementation of strategic, transformational initiatives
- First point of contact for field staff regarding assessment or valuation issues
- Direct assessment of specific property types
- Quality assurance and business process improvement

Business and Customer Services

- Assessment rolls and notices delivery
- Business relationship development
- Business systems evolution
- Information and communications technology infrastructure operations
- Development and support for software applications, database services and management information reporting services

People and Planning

- Human resources planning, policy and operations
- Attraction, retention, development and engagement of the best people for our business
- Strategic and business planning
- Risk management
- Performance measurement and reporting

Finance

- Financial planning, policy and operations
- Regulatory and management reporting
- Business and financial analysis
- Facilities and fleet maintenance
- Coordination of climate action initiatives
- Procurement

ACCOUNTABILITY

BC Assessment's governance is defined in legislation applicable to all Crown corporations, as well as in the *Assessment Authority Act* and the *Assessment Act*.

The corporate governance framework is also defined in the *2012 Government's Letter of Expectations*. This letter is an agreement between the Minister responsible for BC Assessment acting as a representative of the Shareholder (the provincial government), and the Board Chair. It specifies a common understanding between the Shareholder and the Board of Directors on responsibilities, accountabilities, key governance issues, core services, public policy issues, strategic priorities and performance expectations for BC Assessment.

Accountability to the Shareholder and the public is demonstrated through both the three-year service plan and the annual service plan report, which includes critical components of the annual *Government's Letter of Expectations* and identify BC Assessment's responses to the provincial government's direction.

BOARD OF DIRECTORS

The Board of Directors occupies a central role in the governance of BC Assessment. The Board has the general duty to guide the strategic direction of BC Assessment and oversee management in the conduct of the organization's business.
In carrying out these duties, the Board has a role in policy-making, strategic planning processes and performance monitoring.

The Board also has exclusive jurisdiction to regulate the valuation rates of certain properties in the province. *Figure 2* shows the committee structures and membership for the Board of Directors. The Board of Directors is guided by the principles included in the provincial government's *Best Practice Guidelines: BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations*.

Further information regarding BC Assessment's governance can be found on our website.

Executive Management Team

Responsibility for day-to-day management of BC Assessment is delegated to the President and CEO, who leads BC Assessment in achieving the corporate goals and priorities established by the Board of Directors, sets standards for organizational conduct and recommends new initiatives to the Board.

The Executive Management Team was restructured in 2012 to include a Vice President of Business Innovation who will be responsible for leading the implementation of innovative solutions.

The responsibilities of the Executive Management Team may be found online.

The Executive Management Team at BC Assessment has six members:

Connie Fair
President and Chief Executive Officer

David Highfield
Vice President, Field Operations

Andy Hoggarth
Vice President, Finance and Executive Financial Officer

John Madden
Vice President, People and Planning

Hart Mauritz
Vice President, Business Innovation

Harry Mercer
Vice President, Business and Customer Services

FIGURE 2: BOARD OF DIRECTORS MEMBERSHIP AND COMMITTEE STRUCTURE

Board of Directors	**Mandate:** The Board has the general duty to guide the organization's strategic direction and oversee management in the conduct of its business; the Board sets the standards for BC Assessment's organizational conduct and acts as the guardian of corporate values	**Chair:** Judy Rogers	**Members:** Richard Taylor (Vice Chair), Sheila Eddin, Philip Foucher, Shelley Gilberg, Janet Heino, Ernest Jack, Ron Miles, Charlotte Salomon, Josh Smienk, Johann Starke, Ben Vanderhorst
Audit and Risk Management Committee	**Purpose:** The operations of BC Assessment are primarily funded by British Columbians through an annual tax levy; the Board of Directors has delegated to the Audit and Risk Management Committee the responsibility to provide assurance that those public funds have been expended in accordance with carefully considered plans that support the organization's mandate, have been accurately accounted for, and are reported in a timely and transparent way	**Chair:** Richard Taylor	**Members:** Philip Foucher, Janet Heino, Ben Vanderhorst
Governance Committee	**Purpose:** The Governance Committee is responsible for ensuring that BC Assessment and its Board develop and implement an effective approach to corporate governance; this approach will enable the business and affairs of the organization to be carried out, directed and managed with the objective of ensuring compliance with governance practices and sound ethical principles	**Chair:** Josh Smienk	**Members:** Ernest Jack, Judy Rogers, Charlotte Salomon
Human Resources and Compensation Committee	**Purpose:** The Human Resources and Compensation Committee assists the Board in fulfilling its obligations relating to human resource and compensation issues; the committee maintains a focus on the performance development of the President and CEO and on the key strategic human resource priorities	**Chair:** Johann Starke	**Members:** Sheila Eddin, Shelley Gilberg, Ron Miles

STRATEGIC RISKS AND OPPORTUNITIES

BC Assessment assesses risks and opportunities through our annual strategic and business planning process to strengthen organizational performance. We are enhancing our enterprise risk management program to ensure our focus and resources are directed toward the matters that are important to our success. Our key risks and opportunities and the associated actions that we have taken in 2012 are summarized in *Table 3*.

TABLE 3: SUMMARY OF KEY RISKS AND OPPORTUNITIES

OPPORTUNITY	RESPONSE
Continue business process re-engineering to improve efficiency of financial processes	• Implemented the integrated enterprise resource planning system • Improved business process efficiency, increased ease of user access and provided enhanced analytical functionality
Create additional enhancements to customer service experience	• Incorporated feedback from customer satisfaction surveys into service delivery • Increased transparency and accessibility of assessment information
Increase emphasis on project management and change management discipline	• Employed consistent, corporate methodology for the selection, prioritization and management of strategic projects • Continuously improved and refined project management processes
Advance our employee engagement initiative to attract and retain staff while enhancing service levels	• Increased staff input and involvement in operational decisions, to enhance commitment to organizational results
Improve access to timely and accurate financial and management information to support effective decision-making	• Continued the evolution of the management information system
Leverage and enhance partnerships for information exchange and cost-sharing	• Explored partnerships with local governments for streamlined data exchange, and with mapping and imagery partners for enhanced data and cost-sharing
RISK	**RESPONSE**
Insufficient knowledge transfer and succession planning for critical and skilled employees	• Developed and implemented training targeting specific skills and positions • Initiated succession planning for critical positions, to ensure we have ready talent when vacancies occur
Job market competition may result in difficulty recruiting staff in specific positions and locations	• Continued to build BC Assessment brand awareness through enhanced use of YouTube career videos, recruitment blogs, LinkedIn and Twitter • Developed a long-term people strategy identifying key priorities for investments in leadership development, and a more flexible workplace
BC Assessment's property valuation system (value*BC*) may not meet changing business needs	• Continued enhancements to value*BC* and supporting services (Assessment LinkBC) through regular updates • Initiated the redevelopment of the next generation of property valuation system software and related technologies
Outdated property assessment inventory may result in a loss of confidence in our assessments	• Developed and tested a new assessment framework to objectively determine where to deploy limited resources • Continued reassessment of properties without the need for on-site inspections by using imagery technology. Updated a total of 42,962 property inventories in 2012 applying imagery technology • 102,024 property inventories were updated through quality enhancement projects and as a result of our other core functions
Changes in provincial government policies and directions may adversely impact BC Assessment's funding, tax rates and salaries	• Strengthened the relationship with the provincial government to be better informed about potential policy changes

The service plan and the *Government's Letter of Expectations* establish the public reporting performance expectations for BC Assessment as determined by the Board of Directors. The *2012–2014 Service Plan* is our plan of action, and clearly sets the conditions that define our success.

SHIFTS IN 2012

In the *2012–2014 Service Plan*, BC Assessment's vision, mission and values were unchanged from those statements in the previous *2011–2013 Service Plan*. The five BC Assessment strategic goals were not altered, but the Board of Directors refined the wording of the descriptions and associated strategies to enhance clarity. The performance measures reported on have not changed from those published in the *2011–2013 Service Plan*.

BC Assessment adjusted performance measures in the following areas:

Level of employee engagement: The performance measure was changed in 2012 to a biennial survey from an annual survey to allow sufficient time for engagement initiatives to drive improvements. The engagement score has many individual drivers (measurable workplace practices which influence overall engagement), and the previous static, long-term targets could not account for the future state of this complex context; thus targets have been set at "previous result +2" to reflect both the context of the previous result, and the desired level of continuous improvement. The next survey will be administered in 2013.

Percentage of residential / non-residential customers satisfied or very satisfied with service: The combined customer survey target was adjusted in 2012 in consideration of prior BC Assessment results and comparable benchmarking figures from other organizations. The target reflects an ambitious but achievable level of customer satisfaction for these groups.

Cost per property for assessment services – net: The calculation reflects the cost to the taxpayer (expenses miscellaneous revenue). Cost per property target adjustments are made each year as new information becomes available and our forecasts are refined.

Greenhouse gas (GHG) emissions (tonnes of CO_2 equivalent): The targets have shifted downward owing to changes in BC Assessment's facilities. The targets have been adjusted to accommodate both the lower baseline and the annual swings in heating requirements contingent on weather conditions.

TABLE 4: SUMMARY OF PERFORMANCE MEASURES, RESULTS AND TARGETS – 2010 TO 2015

Performance Measures	2010 Actual	2011 Actual	2012 Actual	2012 Target	2013 Target	2014 Target	2015 Actual
PM.1: Level of employee engagement[1]	60	60	*Biennial Survey*	*Biennial Survey*	*Previous result +2*	*Biennial Survey*	*Previous result +2*
PM.2: Percentage of customers satisfied or very satisfied with service: · Residential/non-residential[2] · Local government/First Nations	83.8% *Biennial Survey*	80.9% 97.0%	83.6% *Biennial Survey*	≥ 83.0% *Biennial Survey*	≥ 83.0% ≥ 95.0%	≥ 83.0% *Biennial Survey*	≥ 83.0% ≥ 95.0%
PM.3: Percentage of customers satisfied or very satisfied with service: · Provincial government	*Biennial Survey*	98.5%	*Biennial Survey*	*Biennial Survey*	≥ 95.0%	*Biennial Survey*	≥ 95.0%
PM.4: Percentage of assessments accepted without appeal	98.5%	98.8%	98.8%	≥ 98.0%	≥ 98.0%	≥ 98.0%	≥ 98.0%
PM.5: Assessment to sales ratio (ASR): · Residential · Non-residential	97.6.0% 96.3%	98.1% 96.5%	97.7% 96.3%	97.0-100% 95.0-100%	97.0-100% 95.0-100%	97.0-100% 95.0-100%	97.0-100% 95.0-100%
PM.6: Coefficient of dispersion (COD): · Urban · Rural	6.5% 8.0%	5.9% 7.7%	5.7% 7.6%	< 10.0% < 15.0%	< 10.0% < 15.0%	< 10.0% < 15.0%	< 10.0% < 15.0%
PM.7: Assessment roll stability	0.32%	0.36%	0.36%	≤ 0.37%	≤ 0.37%	≤ 0.37%	≤ 0.37%
PM.8: Cost per property for assessment services – net[3]	$39.94	$40.25	$41.28	$41.42	$42.29	$43.09	$43.61
PM.9: Greenhouse gas (GHG) emissions (tonnes of CO_2 equivalent)[4]	610	538	537	540	533	525	517

[1] Changes to the employee engagement performance measure: in early 2012, management implemented a biennial survey schedule for employee engagement to allow sufficient time to make improvements; the next survey will be administered in 2013. The engagement score has many individual drivers, and a static long-term target cannot account for the future state of this complex context; thus targets have been set that reflect both the context of the previous result and the desired level of continuous improvement.

[2] The residential/non-residential combined customer survey target was adjusted in 2012 in consideration of prior BC Assessment results and comparable benchmarking figures from other organizations. The target reflects an ambitious but achievable level of customer satisfaction for these groups.

[3] The calculation reflects the cost to the taxpayer (expenses - miscellaneous revenue). Cost per property target adjustments are made each year as new information becomes available and our forecasts are refined. The *2011-2013 Service Plan* had targets of $40.95 for 2012 and $41.93 for 2013.

[4] The baseline for GHG emission targets has shifted downward owing to changes in BC Assessment's facilities in 2010 and 2011. The targets for 2012 to 2015 have been adjusted to accommodate both the lower baseline and annual swings in heating requirements contingent on weather conditions. The *2011-2013 Service Plan* had targets of 765.8 for 2012 and 754.3 for 2013.

SETTING PERFORMANCE TARGETS

BC Assessment establishes performance targets in consideration of historical performance, industry standards, desired levels of service and operational constraints. The targets are reviewed annually by the Board to ensure they are meaningful for evaluating our performance on behalf of our customers, stakeholders and Shareholder. Internal planning processes and management decision-making throughout the year are designed to align resources with the achievement of our corporate goals and performance targets. While the targets challenge and, in some cases, stretch the organization, we have every expectation that they can be achieved. BC Assessment also uses an extensive system of internal measures to help monitor performance throughout the organization.

BENCHMARKING

We use benchmarks to improve the comparability and quality of our performance measures. Benchmarking permits comparisons with other jurisdictions that give us confidence that our property assessment process provides high-quality, uniform assessments. In support of our benchmarking objectives, we are a founding member of and continue to support the Canadian Property Assessment Benchmarking Network. This benchmarking network shares assessment and other management information between assessment jurisdictions across the country. Results from some of our benchmarking activities are reflected in our appraisal practice and policy development. The results also support our key performance indicators, customer service standards and surveys, staff training and development opportunities, competencies for staff and legislative framework.

The most comparable performance measures between assessment jurisdictions are the assessment to sales ratio (ASR) and the coefficient of dispersion (COD), which relate to roll quality and uniformity. These measures are used by most assessment jurisdictions, and as a result, international standards are in place to gauge performance.

Table 5 reflects the most recent benchmarking information for single-family residential properties. The challenge in comparisons with other jurisdictions is that most are not on an annual assessment cycle like BC Assessment. The benchmarking therefore lacks consistency year-to-year, depending on how many jurisdictions produce an assessment roll. Furthermore, BC Assessment is the only jurisdiction that calculates separate CODs for urban and rural properties; other jurisdictions report a single combined COD value.

For the residential ASR target, BC Assessment has selected a much more stringent range of 97–100%, instead of the International Association of Assessing Officers (IAAO) target range of 90–110%. BC Assessment was successful in meeting the residential ASR performance measure target for 2011 with a result of 98.1%. As with the target for ASRs, BC Assessment has selected more difficult COD targets than those recommended by the IAAO. We have set our COD target for urban properties at less than 10% rather than the IAAO's standard of less than 15%; for rural properties, our COD target is set at less than 15% rather than the IAAO's standard of less than 20%.

Information on the standards set by the IAAO is published on its website.

TABLE 5: BENCHMARKS

Performance Measure	IAAO Standards	BC Assessment Target (2012 Assessment Roll)	BC Assessment Actual (2012 Assessment Roll)	Average Result of Participating Canadian Jurisdictions[5]
Assessment to sales ratio (Roll quality)	90–110% for residential properties	97–100%	98.0%	97.5%
Coefficient of dispersion (Uniformity)[6]	< 15% for urban properties	< 10%	5.9%	n/a
	< 20% for rural properties	< 15%	7.7%	n/a
	Combined urban and rural	n/a	6.0%	9.2%

[5] The number of jurisdictions providing results to be averaged for the assessment to sales ratio performance measure was 10, and for the coefficient of dispersion performance measure was eight.

[6] Other Canadian jurisdictions combine urban and rural coefficient of dispersions into a blended measure; BC Assessment has refined this measure to differentiate between urban and rural coefficient of dispersions. While BC Assessment does not have a combined target, the actual combined result can be calculated for comparison purposes.

DATA SOURCE RELIABILITY AND LIMITATIONS

BC Assessment's public reporting is guided by the eight BC Reporting Principles endorsed by the Legislative Assembly's Select Standing Committee on Public Accounts that outline the characteristics of good performance reporting by public sector organizations.

Much of the information used in our performance measures is collected by professional appraisal staff.
BC Assessment also relies on outside sources of data, including municipalities, regional districts, real estate boards, the Land Title and Survey Authority of British Columbia (LTSA) and individual property owners. BC Assessment conducts regular and extensive surveys with our customer groups, using third-party commercial survey companies with established professional standards. We undertake periodic reviews to improve the comparability and quality of our performance measures.

Data source reliability and limitations are discussed in more detail for each performance measure later in this document. In addition, our internal audit program undertakes audits of our internal controls on the systems that produce the key performance indicator measures and results.

STRATEGIC RISK MANAGEMENT

In the spring of 2012, Deloitte completed its review of BC Assessment's enterprise risk management framework (ERM) and provided a set of recommendations for improvement.
Throughout the fall of 2012, BC Assessment has been updating its ERM to address the recommendations and achieve the desired level of maturity set by the Board at its August 2012 meeting. The result is a framework that builds upon the existing ERM and is better integrated with our planning and reporting processes.

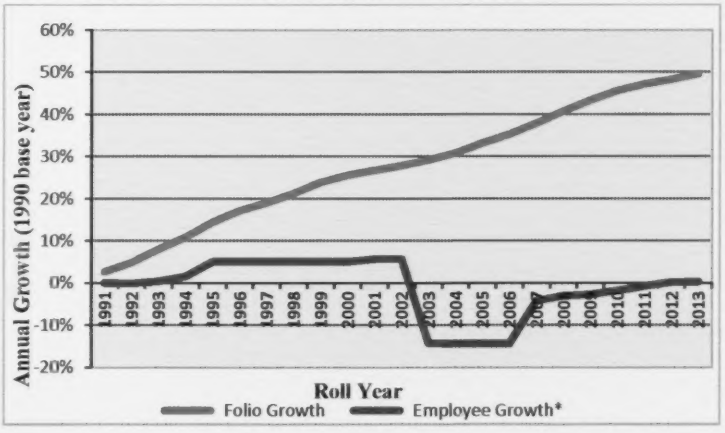
ORGANIZATIONAL CAPACITY

Over the past few years management has becoming increasingly concerned about the sufficiency of the available resources and technology to ensure our property data is current to produce an accurate assessment roll. Over the last two decades, the number of properties in B.C. has increased by 50% while the number of employees remains at the same level as in 1990 (*Figure 3*).

The ability of BC Assessment to absorb the growth in properties without increasing staff has been made possible by significant investments in technology and through process improvements that result in more efficient property data collection. In 2012 BC Assessment eliminated 11 full time equivalent of work to manage the growth in properties and maintain quality.

However, each year a number of data quality related projects must be removed from the business plan because of insufficient resources. Our predictive performance indicators point to the quality of our property data degrading.
BC Assessment is addressing this challenge through investments in 2013 and beyond in business transformation initiatives that will redefine the way we do business and how best to utilize available resources.

FIGURE 3: BC ASSESSMENT'S PRODUCTIVITY - 1991 TO 2012



GOAL 1: PEOPLE AND CULTURE

PM.1: Level of Employee Engagement

Goal Statement
Our people are skilled and inspired and committed to our vision.

Strategy
Retain, attract and develop highly skilled and engaged people.

Strategic Risks
BC Assessment continues to face the following strategic risks in relation to our people:

- Knowledge transfer and succession planning: Critical roles at BC Assessment are filled by specific, knowledgeable staff who acquired expertise and skills during their careers. Insufficient knowledge transfer and succession planning processes for retirements and resignations of staff in specialized positions could result in lost business knowledge and operational inefficiencies.
- Job market competition: BC Assessment may have difficulty recruiting staff in specific positions and locations, which could result in critical services not being provided effectively.

Importance
Employee engagement is the foundation for a workplace that enhances satisfaction and commitment and inspires people to want to come to work. Engaged employees contribute to higher levels of customer satisfaction, trust and confidence in what an organization does. The employee engagement survey results not only tell us what our level of engagement is, but also show us how well we are doing on key drivers such as pay and benefits, hiring practices, leadership and teamwork.

Targets
BC Assessment has set targets that push the organization to achieve increases in employee engagement. The employee engagement performance measure was changed in 2012 to a biennial survey from an annual survey to allow sufficient time for engagement initiatives to drive improvements. The next survey will be administered in 2013.

The engagement score has many individual drivers, and the previous static, long-term targets could not account for the future state of this complex context; thus targets have been set at "previous result +2" to reflect both the context of the previous result and the desired level of continuous improvement.

The employee engagement score represents the combined responses of all participating BC Assessment employees, and the results may be affected by a variety of internal and external factors, such as economic stability, organizational change, negotiated union agreements and individual work relationships.

Data Sources and Reliability
BC Assessment has a contract with BC Stats, part of the Ministry of Labour, Citizens' Services and Open Government, to act as an independent third party to conduct our employee engagement survey. The survey gauges employee perceptions on motivation, work capacity and capability, leadership, and alignment with the vision, mission and goals.
BC Assessment uses the same workplace environment survey as the provincial government. Using this same measurement tool gives us confidence that it is well tested and reliable and also enables future benchmarking with other public sector organizations.

Discussion
There was no employee engagement survey in 2012. The next survey will be administered in May 2013.

Major Programs and Initiatives
In 2012, BC Assessment had three areas of focus that will continue into future years:

- Recognition: Recognition was one of our lowest scoring drivers of employee engagement. While we had a number of outstanding examples of recognition for team and individual performance, contribution and service, the CEC concluded we need to more consistently deliver meaningful recognition in all of our offices and departments. Recommendations for improvements will be made at the corporate level (with the Service Recognition Policy), as well as continued efforts at the individual and team levels.
- Autonomy: Autonomy was one of the five initiatives targeted from 2011. The Corporate Engagement Committee (CEC) believes it is important to continue the work of creating a workplace where our competent staff have significant autonomy to carry out their work while being accountable for the results. Accordingly, three offices (South Fraser Region, Vancouver Island Region and North Region) have been identified as "autonomy" pilot offices. They will be developing their own autonomy programs.
- Leadership: BC Assessment needs to continue to increase leadership competence at all leadership levels. Supervisory-level management and Executive-level management are foundational drivers of employee engagement therefore having effective leaders is paramount. The "Change Leader" initiative (now referred to as Leading to Value) under the Good to Great plan calls for a different approach for all who lead people by 2017.
- Accomplishments have been achieved in creating a 2.5-year work plan that will focus on planning and communication projects, identifying and delivering on management skills and designing leadership learning. In spring 2012, BC Assessment management implemented a biennial survey schedule for employee engagement to allow sufficient time to analyze previous results and effect improvements.

GOAL 2: CUSTOMERS

PM.2: Percentage of Customers Satisfied with Service Residential/Non-Residential and Local Government/First Nations

Goal Statement

Our customers have trust and confidence that their needs will be anticipated and met with care and professionalism.

Strategy

Consistently deliver services that anticipate and meet the needs of our customers.

Strategic Risks

BC Assessment faces a number of strategic risks that impact our ability to meet customer satisfaction targets:

- Customer and stakeholder information technology integration: External stakeholders and customers may lack the capacity or desire to shift technologies with BC Assessment, resulting in an inability to maintain services and relationships, or to leverage new opportunities.
- External service commitments: External service commitments to a wide range of customer and stakeholder groups might not align with BC Assessment's capacity to deliver, resulting in a reduced ability to be efficient and effective and meet service expectations.

Importance

As a Crown corporation, BC Assessment serves the citizens of B.C. and demonstrates value through professional delivery of products and services. Customer satisfaction with our performance is a critical indication of how well we are fulfilling our mandate and customer service commitments. We conduct regular surveys to obtain customer feedback from property owners and taxing jurisdictions, and use the feedback to improve BC Assessment products and services.

Targets

We base our targets on past performance, an assessment of customer needs, and our proposed improvement strategies. We have typically set targets high to encourage BC Assessment and its staff to continually seek ways to further improve customer service. The professional survey firm responsible for our customer market research recommended a target of 80% for residential/non-residential customer satisfaction, based on our past performance in this area and an average statistical result for similar government agencies. However, given the importance of customer satisfaction to our organization, the Board of Directors has continued to set "stretch" targets for these two customer groups. The target for residential/non-residential customer satisfaction was set at ≥ 85.0% but was adjusted to > 83.0% in 2012 in consideration of prior BC Assessment results and comparable benchmarking figures from other organizations. The target reflects an ambitious but achievable level of customer satisfaction for these groups.

Similarly, the target for local government and First Nations customers is ≥ 95.0%, to reflect the Board's desire for a precise and ambitious customer satisfaction measure.

Data Sources and Reliability

BC Assessment conducts regular customer surveys with our five key customer groups (residential property owners, non-residential property owners, local government, First Nations customers and the provincial government), using an independent market research firm hired through a competitive process. We evaluate the qualifications and experience of the selected firm through a request for proposal process, and are confident that the services received are reliable and that the market research firm conforms to industry standards in the performance of the survey work.

BC Assessment provides the firm with customer group contact lists. For the large residential and non-residential customer groups (*Table 2*), these lists are a randomly generated sample based on property owners who had direct contact with BC Assessment in 2012, whether for an inspection, an appeal or an inquiry. In 2012, we continued to use the same customer survey method and set of questions as in 2011 to ensure that composite results were compiled on a consistent basis for year over- year comparison. For the much smaller local government and First Nations customer groups, BC Assessment provides complete client lists to support full and unbiased data collection and analysis however, these surveys were not conducted in 2012.

BC Assessment uses two performance measures aligned to our customer groups of residential/non-residential property owners and local government/First Nations. For ease of presentation, we blend the results into one number for each of the two groupings, but for the purpose of internal performance reporting, we continue to track the performance measures separately for the four individual customer groups.

Details on the methodology and results for all of BC Assessment's 2011 and 2012 customer surveys may be found in the final reports online.

Discussion

For its residential/non-residential customers, BC Assessment met the ≥ 83.0% target, with a score of 83.6%. This result is higher than the 2011 result of 80.9%. The ≥ 83.0% target is particularly challenging, as the residential/non-residential measure represents our largest and most diverse customer group. These property owners are geographically dispersed across the province, and comprise a wide range of entities. They have a variety of specific concerns and characteristics, such as significant property assessment changes within small geographic areas. BC Assessment staff must be knowledgeable, flexible and attentive in meeting the needs of these customers to realize a score of 83.6% satisfaction. It is worth noting that the independently recommended target for this type of measure is 80.0%; BC Assessment has set a higher target to inspire the organization to deliver excellent customer service.

Elisa, Appraisal Assistant; Jason, Deputy Assessor

In 2008, at the request of the local governments and First Nations, we implemented a biennial survey program to avoid survey fatigue with these customer groups and conducted the first biennial survey in 2009. No survey was scheduled for local governments and First Nations in 2012. The previous 2011 survey result of 97.0% satisfaction with BC Assessment's service exceeded our target of ≥ 95.0% and demonstrated improvement over the 2009 score of 95.8%. The 2011 score indicates that BC Assessment is consistently meeting the needs of taxing jurisdictions.

Major Programs and Initiatives
BC Assessment conducts regular customer surveys to identify what we are doing well and where we can make improvements. We also strive to strengthen customer relationships through a number of consultation forums with a range of property owner representatives, and continue to work with the Taxing Jurisdiction Advisory Committee (TJAC), both to improve the quality and timeliness of the data we provide and to streamline and enhance data access. Our commitment to implement recommendations to improve the current Property Assessment Review Panel (PARP) process in collaboration with the Ministry of Community, Sport and Cultural Development, was realized in 2012 with a pilot project in preparation for the 2013 PARP period. Other customer-focused initiatives are summarized in the 2012 Highlights section.

GOAL 3: RELATIONSHIPS

PM3: Percentage of Customers Satisfied with Services – Provincial Government

Goal Statement
The provincial government, stakeholders and partners are actively engaged and collaborating with us to provide effective assessments.

Strategies
- Continue the trusted business relationship with the provincial government to support our mutual goal of excellence in delivering assessment services.
- Develop and enhance strong partnerships and alliances with our stakeholders and partners that promote trust and mutual benefits.

Strategic Risk
Clear and timely communication:
BC Assessment must maintain a trusting and positive relationship with our Shareholder and be proactive in addressing emerging issues to avoid potential political and reputational impacts. To adhere to our "no surprises" approach, BC Assessment maintains regular two-way communication with government contacts.

Importance
The provincial government is BC Assessment's sole Shareholder, and depends on our products and services to meet a range of needs. As part of this unique business relationship, we are required to implement the government's assessment policy, follow its strategic direction and provide proactive assessment solutions that support government objectives. Monitoring the quality of our service enables us to identify where we are doing well, and where we need to improve our performance and strengthen this relationship.

Targets
Beginning in 2006, BC Assessment surveyed provincial government customers about their satisfaction with available products and services. We review the feedback and identify areas where we can make improvements. We base our targets on past performance, an assessment of customer needs and our proposed improvement strategies. We typically set targets high, to focus our staff on customer service. For 2011- 2013, the target for the provincial government survey was set at ≥ 95.0%.

Data Sources and Reliability
The data sources and reliability are the same as for the previous performance measure for the local government/First Nations surveys. We use the assistance of an independent market research firm selected through a request for proposal process, and are confident that the services received are reliable. The market research firm conforms to industry standards in the performance of the survey work with BC Assessment. BC Assessment provides the firm with a list of clients from the provincial government, Crown corporations, and other agencies that regularly use BC Assessment services and information. Conducted biennially, we used the same customer survey method and set of questions in the most recent 2011 survey as in 2009, to ensure the results were compiled on a consistent basis. Details of the methodology and results for our 2011 Provincial Government Client Survey may be found in the final report online.

Discussion-
In 2008, at the request of the provincial government, we implemented a biennial survey program to avoid survey fatigue with our Shareholder and conducted the first biennial survey in 2009. No survey was scheduled for the provincial government in 2012. The results from 2011 show a slight decline from the 2009 score of 99.4%, with 98.5% satisfaction with BC Assessment service. This result still exceeds the target of ≥95.0% and represents a strong and consistently positive relationship. The 2011 score indicates a very high level of sustained performance for the organization, and demonstrates that BC Assessment has been successful in meeting the needs of and responding to the increasing number of requests for information from our Shareholder, as represented by various provincial government agencies.

Major Programs and Initiatives
In support of provincial government initiatives, BC Assessment collaborated with the Ministry of Community, Sport and Cultural Development (the ministry with the legislative responsibility for the property assessment function) on the following:

- Implemented the government's decisions resulting from Farm Assessment Review Panel (FARP)
- Implemented the government's decisions resulting from Farm Assessment Review Panel (FARP) recommendations; completed drafting FARP legislation and accompanying regulations.
- Provided policy advice and analysis as requested on Ministry priorities related to assessment, and ensured that the Ministry was advised of any emerging issues.
- Participated on an as-needed basis to develop strategies to address the concerns of industrial and business property taxpayers.
- Implemented a pilot project for holding Property Assessment Review Panel (PARP) hearings by teleconference in the Capital and Northwest (Terrace and Prince Rupert) regions.

BC Assessment has also collaborated with the province, in particular:

- Providing support and advice to the Ministry of Finance with respect to property tax policy issues, and to the Ministry of Aboriginal Relations and Reconciliation in relation to the First Nations tax treaty implementation process.

GOAL 4: PRODUCTS AND SERVICES

Goal Statement
Our customers, stakeholders and partners receive timely, accurate and reliable products and services.

Strategies

- Ensure uniformity and quality in assessment information.
- Provide convenient, innovative ways to access and exchange information.

Strategic Risks

- Inventory reassessment: Outdated property assessment inventory may result in a loss of confidence in our assessments. BC Assessment must find effective ways to maintain a timely reassessment schedule for all property types.
- Continuous growth: There are over 1.9 million properties that require assessment services on the 2013 Assessment Roll, and more are added each year. Combined with a fairly stable staff complement within BC Assessment, this growth challenges us to find new and more efficient ways of delivering our products and services.

PM.4: Percentage of Assessments Accepted without Appeal
Importance

BC Assessment interprets high acceptance of assessments by residential and non-residential property owners as a validation of the quality, accuracy and acceptance of our work. Property owners who do not agree with the estimate of their property's market value or exemption status, or who believe that their property was improperly classified, can challenge the assessment. If a change or correction is warranted, BC Assessment recommends changes to a local Property Assessment Review Panel (PARP), a three-member independent panel appointed by the government. Property owners who continue to disagree with the assessment can request an independent review by a PARP. For this reason, an important measure of public acceptance of the annual assessment roll is the number of complaints (appeals) to PARPs. For more information on appeal processes and timelines, please visit the B.C. government Property Assessment Review Panel and Property Assessment Appeal Board websites.

BC Assessment tracks annual statistics to determine the number of residential and non-residential property owners who apply in writing or online for an independent review of their assessment by a PARP (see *Figure 4*). Property Assessment Appeal Board (PAAB) appeal rates are not included in this measure, as these hearings can take a number of years to resolve and may skew the results for the annual performance measure program.

Targets
Targets were chosen that reflect historical trends. For residential property owners, formal complaints (appeals) each year are usually submitted by fewer than 2% of all residential owners. For non-residential property owners, this number is usually below 5%. We believe consistently low rates of appeal suggest that property owners largely accept the assessed values and that the assessment roll is of high quality. In our internal analysis, 98% assessments accepted without appeal represent a good balance between efficiency and accuracy in the assessment process under normal circumstances.

Data Sources and Reliability
Property owners are requested to submit their complaints about their assessment in January of each year following receipt of their assessment notice. These submissions lead to hearings that are held by independent panels in communities throughout the province. Following the hearings and prior to April 7 each year, BC Assessment is required to send a Notice of Decision to the property owners, indicating what the panel's decision was and whether the complaint was successful or unsuccessful. Data quality is maintained throughout this process by internal controls, including a review of the complaint data and comparison with historical trends and current market movement, to ensure completeness and accuracy. Data integrity is a vital component of any information system. BC Assessment relies on its data not only in carrying out its mandate of producing accurate annual property assessments, but also in satisfying many customers' property-related information needs. Both the Quality Assurance and Business Processes Department and the Internal Audit Department regularly review the quality and accuracy of data. The annual internal audit plan includes reviews of critical systems and processes that impact data integrity.

Discussion

For the 2013 Assessment Roll, produced during the 2012 calendar year, BC Assessment received approximately the same number of complaints: 23,847 to PARP, compared to 23,438 complaints on the 2012 Assessment Roll. This correlates to a 98.8% acceptance rate.

The activities based on our "No Surprises" principle were contributors to the continued low number of inquiries and complaints on the 2013 Assessment Roll. These include proactive communication with property owner groups and taxing jurisdictions, combined with enhanced customer service mechanisms.

Also, real estate market conditions across B.C. were relatively stable in 2012, which often correlates with a reduced number of appeals. As any complaint to PARP requires BC Assessment effort to resolve, fewer appeals reduces the impact on our limited staff capacity and allows those resources to be redirected towards enhancing quality and service levels in other areas. The 98.8% acceptance of the 2013 Assessment Roll indicates that our work in 2012 resulted in a high quality, well received and accepted roll.

Major Programs and Initiatives

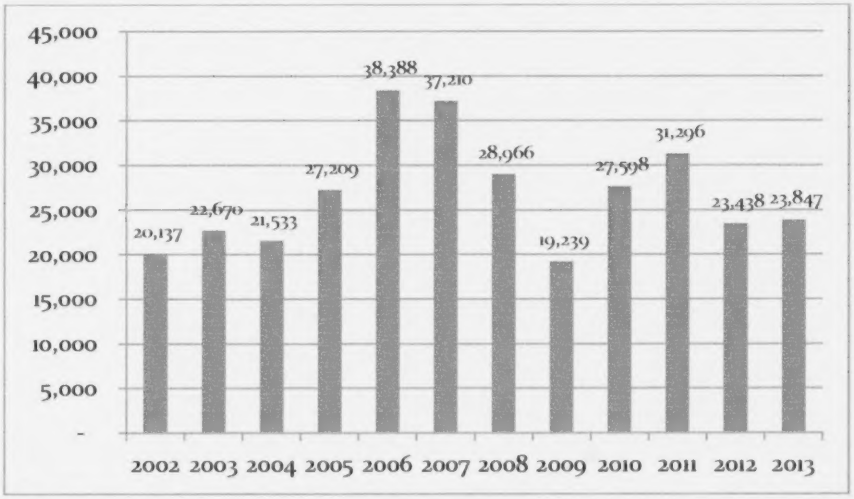
The key to improving property owner acceptance of an assessment is to listen and respond to customer concerns, to improve customer service and access to information about how their assessment was determined, and to provide education on and increase awareness of the assessment system.

BC Assessment meets every year with the Ministry of Community, Sport and Cultural Development to discuss improvements to the appeal process and ensure that those wanting to appeal their assessments have the information and the opportunity to fully participate.

Other supporting programs and strategies include the following:

- Access to information: We continue to enhance the functionality of e-value*BC*, our popular online tool for comparing assessments.
- Customer connection system: We implemented a new central toll free number for clients to contact us, one organization one phone number. This has also helped distribute the load of inquiries evenly to all our offices across B.C.
- Monitoring of market trends: On an ongoing basis, we analyze and communicate market trends internally to our staff and externally to our customers.
- Transparency of the appeal/complaint process: the annual Property Assessment Communications Campaign aims to raise public awareness of the process in various ways, including inserts mailed with all assessment notices, news releases and media information, select print and radio advertising in B.C. communities, and the public website.

FIGURE 4: NUMBER OF APPEALS - 2002 TO 2013[7]



[7] The 2012 result differs from the 22,845 noted in the previous *2011 Annual Service Plan Report* due to a data input correction.

PM.5: Assessment to Sales Ratio – Residential and Non-Residential

Importance
The assessment to sales ratio (ASR) measures how closely assessments mirror a property's actual selling price. BC Assessment measures the ASR for properties in accordance with internationally recognized standards set by the International Association of Assessing Officers (IAAO). The ASR is calculated by dividing the actual value (as determined by BC Assessment) of a property that has sold by its selling price, and expressing the result as a percentage.

Targets
BC Assessment measures the ASR for properties according to internationally recognized standards. The IAAO has set the median ASR standard between 90% and 110%. However, BC Assessment has set more challenging targets: between 97% and 100% for the residential assessment roll and between 95% and 100% for the non-residential assessment roll.

Data Sources and Reliability
The reliability of this roll quality performance measure is dependent on the records provided by the Land Title and Survey Authority of British Columbia (LTSA), the agency responsible for managing, operating and maintaining the province's land title and land survey systems. The LTSA was established in January 2005 under the *Land Title and Survey Authority Act* as an independent organization and must meet obligations and targets that the provincial government has established for it in legislation and in an operating agreement between the LTSA and the Province of British Columbia.

The LTSA is responsible for the continued integrity of the province's modified Torrens land title system for registering land titles. The system involves examining and registering applications for land transfers and establishing and releasing charges on titles. The land title registration system provides conclusive evidence of title, as mandated in the *Land Title Act*.

BC Assessment obtains an automated data feed of relevant LTSA information, which is reconfigured for our internal assessment systems and flagged for any inconsistencies. A variety of controls, both internal and external, allow BC Assessment to verify the accuracy of the information drawn from the LTSA.

The results for this performance measure compare the market value transactions as registered against the actual value as determined by BC Assessment's appraisal staff, so the completeness and accuracy of the ASR depend on consistent and rigorous review of property sales. The Internal Audit Department regularly evaluates internal controls, and we have completed several projects over the past few years to analyze our performance in verifying and processing property sales.

Discussion
The median ASR is one of BC Assessment's two primary roll quality measures. The ASRs in this annual report are based on the 2013 Revised Roll, are generated in our performance management information system and reported annually in an Assessment Roll Quality Report, which is a summary of statistical analysis on the accuracy and uniformity of the assessment roll. BC Assessment's Internal Audit Department also conducts periodic audits on the key performance indicator information as part of the three-year audit plan that is approved by the Board.

The ASR is calculated by dividing the actual value (as determined by BC Assessment) of a property that has sold, by its selling price, and expressing the result as a percentage. For example, if a property is assessed with a value of $243,000 and it sold for $250,000, the ASR would be 97.2%. In short, the ASR measures how accurately BC Assessment appraises property at market value. Our statistics reflect all available single-family residential arm's-length sales for the two quarters surrounding our valuation date of July 1 (i.e., April 1, 2012 to September 30, 2012). For non-residential sales, the data are based on sales occurring throughout the year.

For the 2013 Assessment Roll, completed by December 31, 2012 and revised through PARP in early 2013, BC Assessment's residential ASR result is 97.7%, and non-residential ASR is 96.3%. Both these figures fall within the target ranges, representing improvement over previous years and indicating a trend towards increased accuracy in matching market value in our assessments.

Major Programs and Initiatives
Key corporate strategies include measuring and ensuring the uniformity and quality of the assessment rolls, and developing assessment practices and procedures for improved efficiency. BC Assessment's Quality Assurance and Business Processes Department regularly reviews the quality and accuracy of assessment information. Each year, BC Assessment produces an annual Assessment Roll Quality Report that compares each roll quality measure against international standards. The report is reviewed by staff, the Executive Management Team and the Board of Directors to determine if there are opportunities to improve data quality.

Sales are the basis of the assessment roll, and this area needs to be well executed and documented to provide auditable assurance of integrity in the performance measures such as ASRs and CODs that support roll quality. The Internal Audit Department continues to undertake audits in high-priority areas to provide further assurance that the organization has established sufficient processes and controls to help produce a high-quality assessment roll. As an example of our commitment to a verifiable and uniform assessment roll, we completed a two-year audit project to analyze our performance in undertaking sales editing and potentially inappropriate sales reassessment practices as part of the development of the assessment roll, and are working to implement the recommendations of this audit to enhance sales validation.

PM.6: Coefficient of Dispersion – Urban and Rural

Importance
The coefficient of dispersion (COD) measures the quality of assessments by calculating the dispersion, or spread, of all the ASRs around the median ASR. Less dispersion indicates higher quality assessment information, and is reflected by a lower COD. The COD is a measure of appraisal uniformity. This measure is important in public reporting on roll quality and is complementary to the ASR measures.

Targets
The target for rural properties is higher than for residential properties in urban areas because rural areas are typically less comparable to each other. The COD standard set by the IAAO for single-family residential properties is under 15% for urban regions and under 20% for rural regions. BC Assessment has set ongoing targets of under 10% and under 15%, respectively. Our statistics for the COD are based on all available single-family residential arm's-length sales for the two quarters surrounding our valuation date of July 1 (i.e., April 1, 2012 to September 30, 2012). For non-residential sales, the data are based on sales occurring throughout the year.

Data Sources and Reliability
The coefficient of dispersion (COD) is the second of BC Assessment's two primary roll quality measures. The COD in the annual report is based on the 2013 Revised Roll, and the data are generated by the performance management information system and reported annually in an Assessment Roll Quality Report. As with the ASR, the reliability of this roll-quality performance measure is founded on the title records from the Land Title and Survey Authority of British Columbia.

BC Assessment measures the COD for properties located in both urban and rural areas, according to internationally recognized standards. To calculate the COD, the differences between each ASR in a group and the median ASR are added together. The average deviation is the sum of these numbers, divided by the number of properties in the group. The COD is the average deviation divided by the median, and is expressed as a percentage. An example of calculating a COD is provided in *Table 6*.

Discussion
For the 2013 Assessment Roll, completed by December 31, 2012 and revised through the PARP process in early 2013, BC Assessment's residential urban COD is 5.7% and rural COD result is 7.6%. Both of these results fall well within the target ranges and represent an improvement over previous years.

Table 6: COD Calculation Example Calculation of Coefficient of Dispersion

Using 97.5% as the median:	
Assessment to Sales Ratio	**Deviation from Median**
95.5%	2.0
96.7%	0.8
97.5%	0.0
98.7%	1.2
99.2%	1.7
Total Deviation	5.7
Average Deviation	1.14
COD = 1.14/97.5 or 1.17%	

Major Programs and Initiatives
BC Assessment's Quality Assurance and Business Processes Department regularly reviews the quality and accuracy of assessment information. Each year, an annual Assessment Roll Quality Report compares each roll quality measure against international standards (IAAO). The Internal Audit Department and the Quality Assurance and Business Processes Department regularly perform reviews in high-priority areas to provide further assurance that BC Assessment is focused on establishing sufficient and appropriate processes and internal controls for us to consistently produce a high-quality assessment roll.

GOAL 5: EFFECTIVENESS

Goal Statement
Our business is conducted in an effective, efficient and financially sustainable manner.

Strategy
Develop innovative, risk-based practices to deliver efficient and effective business operations.

Strategic Risks

- Project management for multiple initiatives: BC Assessment is undertaking a number of large-scale, transformative projects. These must be carefully planned, communicated and managed throughout their respective implementation phases, to ensure that we limit any adverse impacts on delivery of our core products and services.
- Information technology resources: While many benefits can be drawn from the use of new technologies, including increased effectiveness and efficiency in business processes, transitions and upgrades in information technology often require additional financial and human resources, training, and ongoing maintenance and technical support for effective implementation.

PM.7: Roll Stability

Importance
A stable, dependable assessment roll is vital to taxing authorities and is a key element in our mission. In any given year, property status can change and new properties may be created while others are deleted. Just over 18,000 new properties were identified in the 2013 Assessment Roll. BC Assessment provides taxing jurisdictions with a complete roll that is used to determine tax rates and apply them to all property owners. Since the taxing jurisdictions use our assessments to provide the tax base that ultimately funds their public services, the performance measure of roll stability is accepted by all taxing jurisdictions as a critical measure of performance for BC Assessment.

Targets
This performance measure examines taxes refunded as a result of a number of supplementary rolls over a defined period of time. Annually, senior assessment and quality assurance staff consider past performance and new business processes and quality improvements underway when they set targets for future years, and have currently set our target at less than or equal to 0.37%. Targets are reviewed annually, but the prescribed three-year targets represent our historical roll stability levels.

Data Sources and Reliability
BC Assessment annually measures the stability of the assessment roll by analyzing the number of additions or deletions made to the roll. The objective of this measure is to minimize tax losses to the taxing jurisdictions by creating a stable, dependable assessment roll. This performance measure examines taxes refunded as a result of a number of supplementary rolls, which are changes to the roll after the official close of the annual assessment roll. Supplementary changes are made to correct property information or to account for revised property values resulting from PAAB decisions. It may take up to 10 years to resolve individual cases. Although value changes to the roll can be negative or positive, only the refunds are considered in this measure, because refunds reduce the amount of money that municipalities have available to them. The measure considers 19 months of information for one year in arrears. For example, the 2012 target year measures roll stability for the 2011 Assessment Roll by examining taxes refunded owing to supplementary rolls issued between May 1, 2011 and December 31, 2012.

Discussion
BC Assessment met the 2012 target (2011 Assessment Roll) of ≤ 0.37%, with refunds amounting to 0.36% of general-purpose tax revenues. This result is the same as the previous roll, indicating an acceptable level of stability for taxing jurisdictions. Our efforts to improve roll quality are directly linked to our activities supporting the three performance measures for Goal 4: percentage of assessments accepted without appeal, assessment to sales ratio (ASR) and coefficient of dispersion (COD). Our work on these three performance measures improves roll quality by enhancing transparency of the assessment process and improving data quality.

Major Programs and Initiatives
The programs and strategies that contribute to roll stability encompass the process of assessment, the collection of data, the management of information and even the distribution of information. Each year, a range of projects is undertaken to improve the overall quality of the roll, which in turn contributes to roll stability. Improvement projects are also undertaken each year for specific property types. Processes such as the production of the annual assessment roll are being further automated, and regular reviews conducted within the quality assurance and internal audit programs assist us in our efforts to establish sound business processes and a high level of data quality.

PM.8: Cost per Property for Assessment Services

Importance
This performance measure reflects BC Assessment's commitment to keeping assessment service costs for property owners as low as possible while continuing to meet growing service demands in an increasingly complex business environment. BC Assessment relies almost exclusively on property tax levies for the largest part of its revenues, so efficiency and cost-effectiveness are required to minimize any potential increases to levies.

Targets
The targets for 2013 to 2015 are based on service plan forecasts, which take into consideration projected new property construction and development, as well as assumptions regarding changes in revenues and expenditures. The Board of Directors is committed to keeping the cost per property as low as possible while responding to the demands of BC Assessment's various stakeholders for improved services and information.

Data Sources and Reliability
The cost per property for assessment services funded from tax levies has been calculated by taking total expenditures for the year (less revenues that are not categorized as "tax levies," "payments in lieu of taxes" or "First Nations revenue"), and dividing this total by the number of properties for the revised roll produced in the following year.

BC Assessment strives to maintain appropriate internal controls and reports regularly to the Audit and Finance Committee and the Board of Directors, and quarterly to the Office of the Comptroller General. We are subject to an annual external audit of our financial statements, currently performed by Grant Thornton LLP. These controls contribute to data quality and reliability.

The number of properties used in calculating this measure is drawn primarily from the title records of the Land Title and Survey Authority of British Columbia. In addition, BC Assessment undertakes its own data quality assurance reviews of all incoming data feeds prior to entry into our value*BC* system.

Discussion
BC Assessment met the cost per property target for 2012, coming in below our target of $41.42 with an average actual cost per property of $41.32. Details on our financial performance for 2012 are outlined in the Financial Review and Statement's section.

The cost of doing business continues to go up, as evidenced by the increase in the cost per property. The principal drivers of increased costs are wages and benefits, appeal costs, and investments in information management and information technology. Investments in technology and business processes have been essential in allowing BC Assessment to improve service levels while at the same time holding the line steady on employee growth, as compared to folio growth over the past two decades (*Figure 3*, page 15).

Major Programs and Initiatives
BC Assessment is committed to its goal of fiscal responsibility and maintaining the cost of assessment services is supported by the corporate strategy of developing innovative methods to increase efficiency.

There were two key initiatives in 2012 that helped drive down our cost per property. The first was an altered staffing model that reduced the labour cost of our Desktop Review program by 30%. The second was the development and implementation of our customer connection system in 2012 which will provide reduced time spent on inquiries in 2013.

PM.9: Greenhouse Gas Emissions Importance

Climate Action is an ongoing initiative within BC Assessment to reduce our impact on the climate and to help the province meet its greenhouse gas (GHG) emission targets and its sustainability objectives. As a public sector organization, BC Assessment is required by the provincial government to define, measure, report and verify GHG emissions, plan and implement internal actions to reduce GHG emissions and offset any remaining annual emissions by purchasing carbon offset credits from the Pacific Carbon Trust. The performance measures for GHGs have been defined by the provincial government in the Carbon Neutral Government Regulation, part of the *Greenhouse Gas Reduction Targets Act*. GHGs are measured through the use of the "SMARTTool," a web-based GHG measurement and reporting tool administered by the Climate Action Secretariat for participating public sector organizations in B.C.

Targets
The GHG performance targets were initially set in 2010 based on the 2008 and 2009 consumption data. Further adjustments have been made to GHG emissions targets as analysis of 2010 through 2012 data provided increased understanding of our consumption trends. These shifts are reflected in the 2012-2015 targets.

Data Sources and Reliability
BC Assessment has worked with Shared Services BC to implement SMARTTool, which provides standardized methods for measuring and reporting on the production of GHGs for provincial government and public sector organizations.
BC Assessment places reliance on third-party reports and tools to provide complete and accurate consumption data; any issues have been addressed and information restated, as mentioned above. We have tracked and measured the 2008 to 2012 consumption data for facilities, fleet and paper usage as required by legislation.

Discussion
BC Assessment was able to reduce its GHG emissions from 538 tonnes of CO_2 equivalent (tCO_2e) in 2011 to 537 tCO_2e in 2012, which is below the 2012 reduction target of 540 tCO_2e emissions.
BC Assessment anticipates additional reductions in natural gas and electricity consumption for facilities to be reflected in 2013 reports, resulting from two operational moves in 2012: the Prince George office moved to a more energy efficient facility, and the Richmond/Delta and Surrey/White Rock offices were amalgamated and moved into a newer office located in Surrey.

For more details, please see the BC Assessment Carbon Neutral Action Report on the LiveSmart BC website.

Major Programs and Initiatives
Key initiatives during 2012 include:

- Reduced travel by holding web-conferencing meetings and training for staff.
- Reduced older vehicles in the fleet,
- Continued to reduce our reliance on printed pages as we increase the use of electronic documents.
- Completing an energy efficiency lighting upgrade in the Fraser Valley Regional office.
- Continued to support the Green Teams located in each office.
- Continued to communicate environmental success stories and green tips through the use of our SharePoint intranet site.

GOVERNMENT'S LETTER OF EXPECTATIONS

The corporate governance framework is also defined in the *2012 Government's Letter of Expectations* between the Minister responsible for BC Assessment – the Honourable Bill Bennett, Minister of Community, Sport and Cultural Development – acting as a representative of the provincial government, and the Board Chair. The letter ensures common understanding of responsibilities, accountabilities, key governance issues, core services, public policy issues, strategic priorities and performance expectations for BC Assessment. Excerpts are given in *Table 7*.

TABLE 7: 2012 *GOVERNMENT'S LETTER OF EXPECTATIONS* AND BC ASSESSMENT'S RELEVANT ACTIONS

Specific Government Directions	BC Assessment Actions
Work closely with the Ministry on legislative and regulatory initiatives and future projects as required by the Minister.	BC Assessment is in close contact with the Ministry and provides policy advice and analysis as requested on Ministry priorities related to assessment issues. Complete: • Worked closely with the Ministry on amendments to complete the second phase of the Farm Assessment Review Panel recommendations, effective for the 2013 tax year. • Assisted the Ministry (and the Ministry of Finance) with the property tax exemption amendments found in the *Budget Measures Implementation Act*. • Assisted the Ministry with the *Assessment Act* and regulatory amendments necessary for the practice of accepting aggregate statistics on the use of strata and leasehold accommodation properties. • Supported the Ministry with annual amendments to regulations governing the identification and valuation of special property types (e.g., designated port land, designated ski hill property, designated supportive housing).
Participate in any review undertaken of municipal government property taxation as it relates to property assessment.	BC Assessment participates in any property assessment review of municipal government property taxation. Complete: • Provided assessment related information to the Expert Panel on Business Taxation as requested.
Continue to work with the Ministry to improve Property Assessment Review Panel (PARP) operations through business process improvements, incorporation of customer feedback and improved communications.	BC Assessment has identified priority action items for enhancing the 2013 PARP process from the results of the 2012 PARP post-mortem meeting. On target: • Worked with the Ministry to implement a new PARP Online Evidence Collection System on a pilot basis for 2013. The use of the system was delayed because of development issues, but limited use in March identified enhancements that could broaden the use of the teleconference hearing option with online evidence submission. • Completed other minor enhancements to the Notice of Hearing, the PARP schedule and the Multiple Record of PARP Decision documents for 2013 use.

Consider options to align with the province's Open Data initiative.	BC Assessment enhanced customer service and demonstrated support for the provincial government's Open Data initiative.
	Complete:
	• Released enhancements to e-value*BC* with the 2012 Assessment Roll, featured on BC Assessment's public website.
	• Major enhancements include:
	  ○ the removal of limits on how many comparables may be viewed,
	  ○ making information available year-round instead of only during the appeal period
	  ○ the redesign of the more information results page for improved readability
	  ○ the inclusion of thumbnail street front images

Comply with government's requirements to be carbon neutral under the *Greenhouse Gas Reduction Targets Act*, including: • Accurately defining, measuring, reporting on and verifying the greenhouse gas (GHG) emissions from the BC Assessment's operations • Implementing aggressive measures to reduce those emissions and reporting on the reduction measures and reduction plans • Offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in GHG reduction projects outside of BC Assessment's scope of operations.	BC Assessment will report its annual emissions, take action to reduce emissions and purchase offsets to neutralize any remaining emissions that are not reduced. Complete: • Worked with Shared Services BC to implement "SMARTool," which provides standardized tools for measuring and reporting on the production of GHG emissions for the provincial government and broader public sector organizations • Entered consumption data for facilities, fleet, and paper usage into SMARTool and set GHG reduction targets for 2012–2016.

SUMMARY FINANCIAL RESULTS FOR 2008-2012 AND FINANCIAL PLAN FOR 2013-2015

The following financial statement discussion and analysis provides Management's view of the financial condition and the year-end financial results of operations for BC Assessment as of December 31, 2012. This analysis should be read in conjunction with the audited financial statements and related notes for the fiscal year-ended December 31, 2012. The financial information provided in this analysis is presented in accordance with the Canadian public sector accounting (PSA) standards as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. *Table 8* summarizes BC Assessment's financial results for the fiscal years 2008–2012 and the financial plan for the next three years as set out in BC Assessment's 2012–2014 Service Plan. The table also compares the 2012 actual results to the 2012 budget.

Table 8: Summary of Financial Results for 2008-2012 and Financial Plan for 2013-2015

IN $000s	2008 Actual	2009 Actual	2010 Actual (Restated)	2011 Actual	2012 Actual	2012 Budget	More/(Less) than 2012 Budget	More/(Less) than 2011 Actual	2013 Plan	2014 Plan	2015 Plan
STATEMENT OF OPERATIONS											
Revenue:											
Tax levies	69,151	72,845	75,785	76,927	79,102	79,064	38	2,175	81,465	84,290	87,175
Other	6,093	5,346	5,407	5,381	5,300	5,028	272	(81)	5,520	4,633	4,201
Total Revenue	**$ 75,244**	**$ 78,191**	**$ 81,192**	**$ 82,308**	**$ 84,402**	**$ 84,092**	**$ 311**	**$ 2,094**	**$ 86,985**	**$ 88,923**	**$ 91,375**
Expenditures:											
Employee	51,023	53,169	53,965	55,098	56,196	55,901	294	1,098	57,309	58,471	60,253
Office premises	5,084	5,461	7,392	6,185	6,211	6,582	(371)	26	6,401	6,444	6,612
Information and communication technology	4,912	6,076	5,486	5,601	7,139	6,222	917	1,538	7,434	7,886	8,02
Amortization	3,361	3,991	4,376	4,489	5,207	5,301	(94)	718	5,214	5,364	3,870
Appeal costs	3,825	3,500	3,508	3,882	3,924	4,158	(234)	42	4,141	4,224	4,309
Corporate and office	2,230	2,381	2,135	2,727	2,414	2,682	(268)	(313)	2,665	2,772	2,931
Assessment notice printing and postage	1,478	1,522	1,635	1,618	1,573	1,668	(95)	(45)	1,608	1,637	1,689
Travel	1,510	1,231	1,442	1,563	1,255	1,577	(322)	(308)	2,213	2,125	2,267
Total Expenditures	**$ 73,423**	**$ 77,331**	**$ 79,939**	**$ 81,163**	**$ 83,919**	**$ 84,092**	**$ (173)**	**$ 2,756**	**$ 86,985**	**$ 88,923**	**$ 89,951**
Net Income (Loss)	**$ 1,821**	**$ 860**	**$ 1,253**	**$1,145**	**$ 483**	**$ 0**	**$ 483**	**$ (662)**	**$ 0**	**$ 0**	**$ 1,425**
TOTAL DEBT											
Total Debt	**$ 0**	**$ 0**	**$ 0**	**$0**	**$0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
EQUITY BALANCES, END OF YEAR											
Equity in capital assets	14,423	13,311	15,208	14,493	14,019	12,477	1,542	(474)	12,960	15,542	20,037
Equity from operations, appropriated	5,950	10,000	5,500	5,500	5,500	5,500	0	0	5,500	4,000	2,000
Equity from operations, unappropriated	5,881	3,803	6,217	8,077	9,034	10,093	(1,059)	957	9,914	8,832	7,762
Total Equity	**$ 26,254**	**$ 27,114**	**$ 26,925**	**$ 28,070**	**$ 28,553**	**$ 28,070**	**$ 483**	**$ 483**	**$ 28,374**	**$ 28,374**	**$ 29,799**
CAPITAL INVESTMENT											
Net Capital Investment	**$ 5,040**	**$ 2,998**	**$ 6,775**	**$4,255**	**$ 4,739**	**$ 5,069**	**$ (330)**	**$ 484**	**$ 3,328**	**$ 7,715**	**$8,107**

COMPARISON OF 2012 ACTUAL RESULTS TO 2011 ACTUAL RESULTS AND 2012 ACTUAL RESULTS TO 2012 BUDGET

Table 9: Comparison of 2012 Actual Results to 2011 Actual and 2012 Actual Results to 2012 Budget

2012 Actual to 2011 Actual Increase (Decrease) IN $000s		2012 Actual to 2012 Budget Increase (Decrease)	
Revenue Change:		**Revenue Change:**	
2011 Actual	**$ 82,308**	**2012 Budget**	**$ 84,092**
Tax Levy Rate Change	807	Data Sales	116
Growth from new properties	1,368	Gain on disposal of assets	66
Rental Income	(126)	Interest Income	45
Other	45	Other	83
Total Change	**2,094**	Total Change	**310**
2012 Actual Revenues	**$ 84,402**	**2012 Actual Revenues**	**$ 84,402**
Expenses Change:		**Expenses Change:**	
2011 Actual	**$ 81,163**	**2012 Budget**	**$ 84,092**
Salaries	600	Salaries	102
Benefits	430	Benefits	253
Reduction in Capitalized salaries	345	Reduction in Capitalized salaries	327
Training and Development	(325)	Training and Development	(264)
Service Bureau Hosting and Relocation	452	Human Resource Consulting	(114)
Geospatial purchases to support property re-assessments	400	Office leases	(101)
Telecom Services	152	Facilities repairs and maintenance	(114)
Software Support	530	Office relocation costs	(152)
Assessment Appeal Board	(67)	Geospatial purchases to support property re-assessments	174
Legal Fees and Expert Witnesses	109	Service Bureau Hosting and Relocation	420
Print and Mailhouse	(157)	Software write-down	190
Consulting and professional services	(239)	Software Support	104
Travel	(308)	Computer Equipment	(119)
Amortization of new capital assets	717	Assessment Appeal Board	(211)
Other	117	Print and Mailhouse	(115)
		Corporate	(268)
		Travel	(322)
		Other	37
Total Change	**2,756**	Total Change	**(173)**
2012 Actual Expenditures	**$ 83,919**	**2012 Actual Expenditures**	**$ 83,919**
Annual Surplus Change:		**Annual Surplus Change:**	
2011 Actual	**$ 1,145**	**2012 Budget**	**$ 0**
Net Change in Revenues and Expenditures	(662)	Net Change in Revenues and Expenditures	483
2012 Actual	**$ 483**	**2012 Actual**	**$ 483**
Tangible Capital Asset (TCA) Change:		**Tangible Capital Asset (TCA) Change:**	
2011 Actual – Annual Surplus	**$ 4,256**	**2012 Budget – Annual Surplus**	**$ 5,069**
Leasehold Improvements	1,591	Leasehold Improvements	84
Computer Equipment	(506)	Computer Equipment	(126)
Software	(652)	Software	62
Office Furniture and Equipment	142	Office Furniture and Equipment	(318)
Vehicles	(92)	Vehicles	(32)
Total Change	**483**	Total Change	**(330)**
2012 Actual TCA Investment	**$ 4,739**	**2012 Actual TCA Investment**	**$ 4,739**

COMPARISON OF 2012 ACTUAL RESULTS AND 2011 ACTUAL RESULTS

BC Assessment's primary source of revenue is from a tax levy collected from each taxable property. This tax levy is a component of the property taxes paid by property owners to the taxing jurisdictions, which in turn remit the tax levy collected to BC Assessment. Other sources of revenue include payments in lieu of taxes, contracts with First Nations, investment income and revenue from data access services (*Table 9*).

Total revenue of $84.4 million was $2.1 million higher in 2012 than in 2011. This was a result of an increase in tax levy revenue caused by a combination of growth in the number of new properties in the province and a levy rate change.

Total operating expenses of $83.8 million were $2.8 million higher in 2012 than in 2011 because of the following:

- $1.1 million increase in employee expenses:
  - $600,000 increase in salaries due to a negotiated wage increase and a net increase in costs for employees moving through the progression steps in their positions;
  - $430,000 net increase in employee benefits due to the combination of higher base salaries and increase the employer pension contribution rate and health benefits premiums;
  - $345,000 increase because of a lower capitalization of salaries in 2012 compared to 2011; and
  - $325,000 decrease in staff training and development costs because of targeted reductions required to meet the Cooperative Gains Mandate and the Province's expenditure restraint program.
- $1.5 million increase in information and communications technology costs over 2011 relating to additional costs to support the following initiatives undertaken in 2012 :
  - Increased service bureau fees and costs incurred for the relocation of the Information Technology Data Centre of $452,000;
  - Increased investment of $400,000 in geospatial photographic images to support a reassessment initiative using technology;
  - Implementation of the Customer Connections call center; and
  - Increased software maintenance and support costs of $530,000 for renewed contracts and new software systems.
- $157,000 decrease in printing and postage cost due to favourable pricing in 2012 from BC Assessment's Print and Mailhouse services vendor and a lower volume of non-essential mailing;
- Significant spending cuts required to meet the Cooperative Gains Mandate and the Province's expenditure restraint program were as follows:
  - $239,000 decrease in consulting and professional services; and
  - $308,000 decrease in travel expenses due to the elimination of all non-essential travel in 2012.
- $717,000 increase in amortization expense due to the commencement of amortization for the newly installed Enterprise Resource Planning system, Field Data Collection system, and Customer Connections Call Center software.

Investment in capital assets was $483,000 higher in 2012 compared to 2011. Increased investments in 2012 were related to leasehold improvements and furniture and equipment purchases to support the Cranbrook office expansion, the Prince George office relocation, and the Richmond and Surrey office amalgamation into a new office in Surrey. All other tangible capital asset categories saw spending reductions from the previous year.

Net income for 2012 was $483,000 compared with $1.1 million in 2011.

COMPARISON OF 2012 ACTUAL RESULTS WITH 2012 BUDGET

BC Assessment ended the 2012 year with a modest net income of $483,000 compared to a break-even budget (*Table 9*).

Revenues of $84.4 million were $310,000 higher than budget (0.4%) mostly because of greater than expected revenue from data sales, gain on disposal of assets, and investment income.

Operating expenditures of $83.9 million were $172,000 below budget (0.2%) despite higher than expected information and communications technology costs and employee expenses, which were more than offset by reductions in all other major expenditure categories.

Employee expenses to December 31th were $56.2 million, approximately $294,000, or 0.53% over budget.

- Employee turnover increased slightly in 2012 primarily due to continued steady rates of retirement. Total turnover (retirements, resignations, involuntary terminations, and deaths) increased to 8.8% in 2012 from 6.8% in 2011. The voluntary turnover rate increased to 8.0% from 6.3% because of an increase in the number of retirements;
- The number of staff expressed in full time equivalents for 2012 was 673, compared to a budget of 680;
- Employee benefits were $253,000 net higher than budget. The 2012 budget for employee benefits was calculated as 21.7% of base salaries, actual experience was higher at about 23% resulting from increase in the employer pension contribution rate and higher than anticipated increases in employee benefits premiums;
- Capitalized salaries were $327,000 lower than budget due to a delay in the assessment system software development project. Budgeted employee effort allocated to capital work was redirected to operational programs, thereby increasing the salary expense; and
- Targeted cuts of $264,000 in training and development and $114,000 in human resource consulting services were made to contain the budget overrun.

Office premises costs to December 31st of $6.2 million were $371,000, or 5.6% under budget.

- Lease negotiations for three of offices were very favourable reducing costs for the year by $101,000;
- The repairs and maintenance program was reduced by $114,000; and
- Office relocation costs were lower than expected and under budget by $152,000.

Information and communications technology costs to December 31st were $7.1 million, approximately $917,000 million, or 14.7%, over budget.

- $174,000 net increase for geospatial services for an accelerated reassessment program;
- $420,000 higher than budgeted service bureau hosting costs related to the relocation of the information technology data center;
- $190,000 write-down of certain components of the assessment system software costs because of obsolescence;
- $104,000 increase in software licensing costs was incurred to migrate some systems to the latest versions; and
- $119,000 reduction in miscellaneous computer equipment purchases.

Assessment appeal costs to December 31st were $3.9 million, $234,000, or 5.6% under budget. This was mostly due to lower than expected Property Assessment Review Panel and Property Assessment Appeal Board costs of about $211,000. PARP and PAAB are administered by Ministry of Community, Sport and Cultural Development.

Printing and postage was $95,000 below budget due to favourable pricing in 2012 from BC Assessment's Print and Mailhouse services vendor.

Corporate and office expenses to December 31st were $2.4 million, which is $268,000, or 10.0% below budget. Approximately 65% of costs in this category relate to general administrative expenses such as office supplies, copying, and advertising, publications, equipment repairs, interest expense, corporate insurance, and Board operating costs. These expenses were under budget by $419,000 from targeted cuts implemented to offset cost pressures identified in other parts of the budget. Interest expense was $138,000 higher than budget primarily because of the change in accounting classification for post-employment benefit obligations.

Travel costs for the 2012 fiscal year were $1.3 million, which is $322,000 or 20.4% under budget due to targeted cuts to accommodate the Cooperative Gains Mandate and to offset cost pressures in other areas of the budget.

Acquisition of tangible capital assets of $4.7 million was $330,000 below budget due to the following:

- $126,000 net savings in computer equipment purchases;
- $318,000 in reduction in furniture and equipment renewal costs from the deferral of non-essential furniture purchases; and
- $62,000 increase in software investment as follows:
  - $737,000 increase in software purchases for the unbudgeted Customer Connections Call Centre software and various software licenses upgrades and purchases; and
  - $674,000 reduction in planned Assessment System software development.

Financial Statements of

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Year ended December 31, 2012

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Financial Statements

Year ended December 31, 2012

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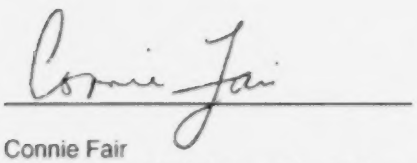
Management's Responsibility for the Financial Statements

The accompanying financial statements of British Columbia Assessment Authority (the "Authority" or "BC Assessment") are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for public sector organizations established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies is described in Note 1 of the accompanying notes to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

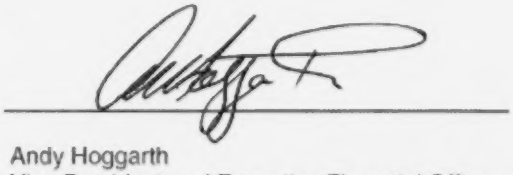
The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Audit and Risk Management Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the board's approval of the financial statements.

The financial statements have been audited by Grant Thornton LLP, independent external auditors appointed by the Authority. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.



Connie Fair
President and Chief Executive Officer



Andy Hoggarth
Vice President and Executive Financial Officer

Independent auditors' report

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To the Board of Directors of British Columbia Assessment Authority, and
To the Minister of Community, Sport and Cultural Development, Province of British Columbia

We have audited the accompanying financial statements of British Columbia Assessment Authority, which comprise the financial position as at December 31, 2012, and the results of operations, changes in net financial assets, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia Assessment Authority as at December 31, 2012, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Victoria, Canada
April 8, 2013

Chartered accountants

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BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Financial Position

As at December 31, 2012
(In thousands of dollars)

	December 31 2012	December 31 2011
Financial Assets:		
Cash and cash equivalents (note 2)	$ 28,353	$ 27,760
Accounts receivable	2,078	1,892
Accounts receivable from provincial government	1	2
	30,432	29,654
Liabilities:		
Accounts payable and accrued liabilities	3,175	3,425
Accounts payable due to provincial government	603	782
Employee benefits and other liabilities (note 3)	9,539	9,309
Lease inducements	3,712	3,481
Capital lease obligations (note 4)	797	980
	17,826	17,977
Net financial assets	12,606	11,677
Non-Financial Assets:		
Tangible capital assets (note 5)	14,815	15,473
Prepaid expenses	1,132	920
	15,947	16,393
Accumulated surplus (note 6)	$ 28,553	$ 28,070

Commitments (note 7)

The accompanying notes are an integral part of these financial statements

On Behalf of the Board:

Director

Director

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Operations

Year ended December 31, 2012
(In thousands of dollars)

	Budget (note 9)	2012	2011
Revenue:			
Tax levies	$ 79,064	$ 79,102	$ 76,927
Data access services	3,431	3,547	3,490
Payments in lieu of taxes	780	799	846
First Nations	560	577	563
Investment income	240	284	269
Other	17	27	139
Gain on disposal of capital assets	-	66	74
	84,092	84,402	82,308
Expenses:			
Employee expenses	55,902	56,196	55,098
Office premises	6,582	6,211	6,185
Information and communications technology	6,222	7,139	5,601
Amortization	5,301	5,207	4,489
Appeal costs (note 8)	4,158	3,924	3,882
Corporate and office	2,682	2,414	2,727
Assessment notice printing and postage	1,668	1,573	1,618
Travel	1,577	1,255	1,563
Total expenses	84,092	83,919	81,163
Annual surplus	-	483	1,145
Accumulated surplus, beginning of year	28,070	28,070	26,925
Accumulated surplus, end of year	$ 28,070	$ 28,553	$ 28,070

The accompanying notes are an integral part of these financial statements

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Change in Net Financial Assets

Year ended December 31, 2012
(In thousands of dollars)

	Budget (note 9)	2012	2011
Annual surplus	$ -	$ 483	$ 1,145
Acquisition of tangible capital assets	(5,069)	(4,739)	(4,255)
Amortization of tangible capital assets	5,301	5,207	4,489
Reclassification of work-in progress	-	190	-
Gain on sale of tangible capital assets	-	(66)	(74)
Proceeds on sale of tangible capital assets	-	66	74
	232	1,141	1,379
Change in prepaid expenses	-	(212)	(149)
Change in net financial assets	232	929	1,230
Net financial assets, beginning of year	11,677	11,677	10,447
Net financial assets, end of year	$ 11,909	$ 12,606	$ 11,677

The accompanying notes are an integral part of these financial statements

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Statement of Cash Flows

Year ended December 31, 2012
(In thousands of dollars)

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 483	$ 1,145
Items not involving cash:		
Amortization	5,207	4,489
Change in lease inducements	231	(344)
Gain on sale of tangible capital assets	(66)	(74)
Change in employee benefits and other liabilities	231	3
Change in non-cash assets and liabilities:		
Accounts receivable	(185)	283
Accounts payable and accrued liabilities	(429)	(530)
Prepaid expenses	(212)	(149)
Net change in cash from operating activities	5,260	4,823
Capital activities:		
Proceeds on sale of tangible capital assets	66	74
Reclassification of work-in-progress	190	-
Cash used to acquire tangible capital assets	(4,739)	(3,666)
Net change in cash from capital activities	(4,483)	(3,592)
Financing activities:		
Principal payments on tangible capital leases	(184)	(108)
Net change in cash from financing activities	(184)	(108)
Net change in cash	593	1,123
Cash and cash equivalents, beginning of year	27,760	26,637
Cash and cash equivalents, end of year	$ 28,353	$ 27,760
Supplementary cash flow information		
Non-cash transactions		
Financing used to acquire tangible capital assets	$ -	$ 589

The accompanying notes are an integral part of these financial statements

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2012
(In thousands of dollars)

The British Columbia Assessment Authority ("BC Assessment") was established in 1974 as an independent Crown corporation by the Province of British Columbia by enactment of the *Assessment Authority Act*. The purpose of BC Assessment is to establish and maintain assessments that are uniform in the whole of the province in accordance with the *Assessment Authority Act*. BC Assessment is exempt from incomes taxes under the *Income Tax Act*.

1. Significant accounting policies:

The financial statements of BC Assessment are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) standards. Significant accounting policies adopted by BC Assessment are as follows:

(a) Basis of accounting:

BC Assessment follows the accrual method of accounting for revenues and expenses. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Financial instruments

Financial instruments are accounted for in accordance with PS 3450. Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, all of which are reported at amortized cost.

(c) Revenues:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenues.

Tax levies: BC Assessment, by by-law and subject to the prior approval of the Lieutenant Governor in Council, each year imposes and levies a tax upon all taxable real property in the province, but excluding property that is taxable for school purposes only by special Act. A copy of this by-law is forwarded to the Tax Collector of every municipality in the province and to the Surveyor of Taxes in order that the taxes so levied will be placed on the tax rolls. The proceeds of the taxes so levied and collected by the municipalities or the Minister of Finance constitutes BC Assessment's tax levies revenue. This revenue is recognized equally across all periods in the year.

Other revenue: Other revenue includes revenue from data access services, payments in lieu of taxes, contracts with First Nations, and other miscellaneous revenue. Data access revenue and other miscellaneous revenue are recognized when earned, while payments in lieu of taxes and First Nations revenue are recognized equally across all periods throughout the year.

Investment: Investment revenue includes interest on deposits in banks, and earnings generated by short-term investments, and is reported as revenue in the period earned.

1. Significant accounting policies (continued):

(d) Lease inducements:

Lease inducements include cash payments, tenant improvement allowances, reduced rent and rent free periods. The lease inducement benefits are amortized on a straight-line basis over the occupancy period.

(e) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

(f) Investments:

Investments consist of short-term treasury bills and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(g) Employee future benefits:

(i) BC Assessment and its employees make contributions to the Public Service Pension Plan. This plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. The joint trustee board of the plan determines the required plan contributions annually. These contributions are expensed as incurred.

(ii) Retirement and other future benefits are also available to BC Assessment's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages, expected future salary and wage increases, long-term inflation rates and discount rates. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains and losses are amortized over the expected average remaining service life of the employees.

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

1. Significant accounting policies (continued):

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings	20
Furniture and equipment	3 to 5
Computer equipment	3 to 5
Motor vehicles	5
Assessment system software	10
Other software	1 to 5
Leasehold improvements	Equal to the lease term
Leased equipment	Equal to the lease term

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to BC Assessment's ability to provide services, or when the value of the future economic benefits associated with the tangible capital assets is less than their net book value. The net write-down is accounted for as an expense in the statement of operations.

(j) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, the useful life of capital assets and in performing actuarial valuations of employee future benefits. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2012
(In thousands of dollars)

2. Cash and cash equivalents:

Cash and cash equivalents reported on the statement of financial position have cost and market values as follows:

	December 31, 2012	December 31, 2011
Cash	$ (287)	$ 1,116
Cash Equivalents	28,640	26,644
Total	$ 28,353	$ 27,760

3. Employee benefits and other liabilities:

The employee benefit and other liabilities, reported on the statement of financial position, are made up of the following:

	December 31, 2012	December 31, 2011
Employee future benefits	$ 3,390	$ 3,618
Employee past benefits	6	6
Other liabilities	6,143	5,685
Total	$ 9,539	$ 9,309

Other liabilities include outstanding payables for employer remittances, accrued salaries, vacation, and overtime.

3. Employee benefits and other liabilities (continued):

Employees' past benefits:

At the time of the formation of the British Columbia Assessment Authority, BC Assessment negotiated an agreement with those designated employees whose previous working agreements contained clauses that called for payment of certain benefits upon death, retirement or termination of employment. The benefits under the agreement are recognized as a liability. Adjustments to the liability resulting from changes in salary rates are charged to the current year. Payments of benefits are treated as a reduction of the liability.

Employees' future benefits:

Outside of the Public Service Pension Plan, BC Assessment annually accrues the future obligation under the defined retirement benefit plan as the employees render the services necessary to earn the benefit. These retirement benefit plans include a retirement allowance, unearned vacation entitlement, and death benefits. An independent actuarial valuation of the post-employment benefits obligation and net periodic benefit cost was calculated at October 31, 2011 using management's estimates of salary escalation and expected retirement ages. This valuation was then extrapolated to December 31, 2012. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Assessment.

Information about BC Assessment's retirement benefit plans is as follows:

	2012	2011
Accrued benefit obligation:		
Balance, beginning of year	$ 3,618	$ 3,654
Current benefit cost	258	229
Interest	118	144
Benefits paid	(589)	(409)
Benefits payable as at December 31, 2012	(18)	-
Amortization of Loss	3	-
Balance, end of year	$3,390	$3,618
Actuarial benefit obligation:		
Accrued benefit obligation	$ 3,390	$ 3,618
Unamortized actuarial loss	222	35
Balance, end of year	$ 3,612	$ 3,653

3. Employee benefits and other liabilities (continued):

The significant actuarial assumptions adopted in measuring BC Assessment's accrued benefit obligations are as follows:

	2012	2011
Discount rate	2.70%	3.25 %
Expected future inflation rate	1.50%	1.50 %
Expected productivity and seniority increases	1.10% to 3.65%	1.10% to 3.65%

Over time, changes in assumptions and actual experience compared to expected results will cause actuarial gains and losses in future valuations. A decrease in the discount rate from 2011 to 2012, partially offset by actual benefit payments being less than expected, has created a net actuarial loss at December 31, 2012.

The unamortized actuarial loss on future payments is amortized over the estimated average service lives of the employees which is 12 years.

Other pension plans:

BC Assessment and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2011) determined the Plan had an unfunded liability. As a result, the Public Service Pension Board of Trustees will implement a contribution rate increase of 0.40% each, for plan members and employers to meet the funding requirements of the *Pension Benefits Standards Act*. The increase in rates went into effect April 1, 2012.

Contributions to the Plan by BC Assessment for 2012 were $3,980 (2011 - $3,755).

4. Capital lease obligations:

In 2010 and 2011, BC Assessment entered into agreements to lease office equipment. These leases are accounted for as capital leases with minimum lease payments for each of the five years of the lease term.

Year ending December 31:	2012	2011
2012	$ -	$ 289
2013	289	289
2014	289	289
2015	289	289
2016	105	105
Subtotal	972	1,261
Less amount representing interest at 3% per annum	(175)	(281)
Present value of net minimum capital lease payments	$ 797	$ 980

Interest of $105 (2011 - $114) relating to capital lease obligations has been included in expenses on the Statement of Operations.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2012
(In thousands of dollars)

5. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31, 2012
Land	$ 354	$ -	$ -	$ 354
Buildings	2,519	-	-	2,519
Furniture and equipment	4,289	891	-	5,180
Computer equipment	8,215	862	-	9,077
Motor vehicles	1,980	167	(214)	1,933
Leasehold improvements	5,058	1,590	-	6,648
Leased equipment	1,150	-	-	1,150
Assessment system software	14,543	343	(190)	14,696
Other software	1,155	653	-	1,808
Enterprise Resource Planning Software	1,768	233	-	2,001
Total	$ 41,031	$ 4,739	$ (404)	$ 45,366

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31, 2012
Land	$ -	$ -	$ -	$ -
Buildings	1,848	-	126	1,974
Furniture and equipment	2,756	-	834	3,590
Computer equipment	7,098	-	865	7,963
Motor vehicles	1,594	(214)	201	1,581
Leasehold improvements	1,596	-	566	2,162
Leased equipment	225	-	213	438
Assessment system software	9,500	-	1,647	11,147
Other software	941	-	355	1,296
Enterprise Resource Planning software	-	-	400	400
Total	$ 25,558	$ (214)	$ 5,207	$ 30,551

Net book value	Balance at December 31, 2011	Balance at December 31, 2012
Land	$ 354	$ 354
Building	671	545
Furniture and equipment	1,533	1,590
Computer equipment	1,117	1,114
Motor vehicles	386	352
Leasehold improvements	3,462	4,486
Leased equipment	925	712
Assessment system software	5,043	3,549
Other software	214	512
Enterprise Resource Planning software	1,768	1,601
Total	$ 15,473	$ 14,815

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2012
(In thousands of dollars)

6. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

Accumulated surplus as at December 31, 2011:		
Equity in capital assets	$	14,493
Equity from operations - appropriated		5,500
Equity from operations - unappropriated		8,077
		28,070
Annual surplus for 2012		483
Accumulated surplus at December 31, 2012	$	28,553
Reserves:		
Equity in capital assets		14,018
Equity from operations - unappropriated		9,035
Reserves set aside for specific purpose by the Board of Directors:		
Replacement of assessment software system		5,500
	$	28,553

7. Commitments:

BC Assessment is committed to make payments under operating leases and contracts as follows:

2013	$	12,140
2014		10,607
2015		8,459
2016		8,355
2017		7,093
2018-2026		33,415
	$	80,069

8. Appeal costs:

BC Assessment is required to reimburse the Province of British Columbia for the operating costs of the Property Assessment Review Panel and the Property Assessment Appeal Board.

BRITISH COLUMBIA ASSESSMENT AUTHORITY

Notes to Financial Statements

Year ended December 31, 2012
(In thousands of dollars)

9. Budget data:

The budget figures from the 2012 operating and capital budgets approved by the Board on December 15, 2011 have been provided for comparison purposes.

10. Related party transactions:

BC Assessment is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations and all public sector organizations such as school districts, colleges, universities and health authorities that are included in the provincial government reporting entity. In addition, transactions with senior management, directors, immediate family members of senior management and directors and companies with which any of the above have a financial interest are also considered related parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Statement of Operations includes the following transactions with related parties of the Province of British Columbia:

	2012	2011
Other revenue	$ 2,905	$ 3,053
Payments for:		
Appeal costs	2,677	2,743
Salaries and benefits	947	795
Office	166	266
Professional and special services	1,041	1,331
Interest	23	23
Office premises	171	419
Travel	1	1
Assets (liabilities) at December 31 with related parties		
Accounts receivable	1	2
Accounts payable	(665)	(782)

BC Assessment contracted with the Province for the disposal of surplus property, plant and equipment with net proceeds of $66 (2011 - $74).

BRITISH COLUMBIA ASSESSMENT AUTHORITY
Notes to Financial Statements

Year ended December 31, 2012
(In thousands of dollars)

11. Financial risk management:

In the normal course of operations, BC Assessment is exposed to a number of risks that can affect its operating performance. BC Assessment has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management and the Board of BC Assessment ensures that BC Assessment has identified its risks and ensures they are being monitored. It is management's opinion that the BC Assessment is not exposed to significant risks arising from these financial instruments.

Credit risk: Credit risk is the risk of financial loss to an institution if a customer or counterparty to a financial instrument fails to meets its contractual obligations. Such risks arise primarily from certain assets held consisting of cash, cash equivalents and accounts receivable.
BC Assessment is exposed to credit risk in the event of non-performance by a customer. This risk is mitigated as most accounts receivable are current, only 1% of the accounts receivable balance is past due and management does not consider it impaired. It is management's opinion that BC Assessment is not exposed to significant credit risk associated with cash and cash equivalents as they are placed in recognized British Columbia institutions and BC Assessment only invests in short term treasury bills.

Market risk: Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. It is management's opinion that BC Assessment is not exposed to significant currency risk, as amounts held and purchases made in foreign currency are insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. BC Assessment is exposed to interest rate risk through its cash equivalents. It is management's opinion that the BC Assessment is not exposed to significant interest rate risk as they invest solely in short term treasury bills that have a maturity date of no more than 91 days from date of acquisition.

Liquidity Risk: Liquidity risk is the risk that BC Assessment will not be able to meet its financial obligations as they become due. BC Assessment manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will have sufficient liquidity to meets its liabilities when they become due.

BC Assessment

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BRITISH COLUMBIA

We Value BC